

9 September 2024

For the respectful attention of the Rt Hon Bridget Phillipson MP

### **Consultation Response ref. VAT on Independent Schools' Fees**

As the respective Heads of Chester's four independent schools - King's, Queen's, Abbey Gate College and The Firs - we write with one, shared voice to raise our profound concerns about the Chancellor's statement to the Commons on 29 July 2024 that any independent school fees paid from then "pertaining to the term starting in January 2025 onwards will be subject to VAT".

Our schools each serve a very clearly defined need in our Chester communities and are an integral and highly valued part of the area's overall educational provision, catering for well over 2000 children. We also offer a genuinely accessible choice for hard-working and aspirational families in the area, most of whom involve two parents in full-time work.

Collectively, our schools contribute very significantly and whole-heartedly to public benefit in Chester and the surrounding area. We are each fully engaged in extensive and meaningful partnership work and outreach programmes of various sorts with local state schools, which enable all children in Chester to access enriching and inclusive educational experiences. We are also all passionately committed to the delivery of means-tested support in the form of assisted places and transformational bursaries, which have directly benefitted hundreds of students from low-income families in the area over recent times and contributed to social mobility.

We also provide for a very significant number of young people in the area with Special Educational Needs and Disabilities (SEND), for whom our schools are unique and exceptionally well-regarded in their offering. Indeed, over recent years several such pupils have been funded at our schools by local authorities.

We are each loyal and major employers in the area with collective responsibility for over 650 staff employees, and contributing around £25 million to the local economy via salaries, supplier contracts and third-party contractors.

Our main concerns with the policy, particularly with regard to Chester, are as follows:

- 1) Increasing our fees by a significant margin, as will be absolutely necessary in the circumstances, will make us unaffordable for some of our families, who will, therefore, need to find places in Chester state schools, most of which are already over-subscribed. We know this, as parents have already tried to move their children and been told the state schools are full. The suggestions that we can

“absorb” a 20% increase in fees and should have been planning for this for some time, given the election was only in July, are both regretful and unrealistic.

- 2) The parents most likely to be negatively impacted by the policy, by having to move their children, will be hard-working parents, both of whom are working full-time; whilst making significant sacrifices to have the choice of doing what they consider is best for their children. There are a high proportion of such parents at our schools.
- 3) If children can be moved to the state sector, this will put additional pressure on schools with resources that are already severely stretched. It is also well accepted, as backed up by educational research, that moving schools is usually significantly detrimental to a child's academic and personal development.
- 4) In time, as more children move to Chester state schools at the end of key stages (as has been predicted by surveys and research), certain state schools deemed better than others are likely to become the preserve of wealthier parents who can afford housing in key catchment areas, thereby disadvantaging children from lower income backgrounds. This will intensify socio-economic division and limit social mobility in the area.
- 5) The financial consequences of the policy will almost certainly reduce our ability to deliver public benefit in the area, in the form of means-tested bursaries and partnership/outreach programmes. This will significantly reduce the ability for children from lower income families in the area to access excellent and enriching educational opportunities, which will limit social mobility. We are very concerned that our schools will increasingly become the preserve of relatively wealthy families.
- 6) The policy is likely to have a significant impact on the local economy for various reasons:
  - a. Firstly, a fall in pupil numbers will lead to redundancy programmes and loss of livelihoods for our committed, hard-working members of staff.
  - b. Secondly, as smaller schools, our ability to invest in suppliers and contractors in the local community will reduce.
  - c. Thirdly, our parents will have less disposable income to spend on local services.
  - d. Finally, we are concerned that the policy may deter families and businesses relocating to Chester, which has greatly benefitted the city over recent years, given that choice of and accessibility to schooling in the city will be reduced.
- 7) The policy has already increased the number of parents of SEND children applying for Education, Health and Care Plans (EHCP), as this will make their fees exempt from VAT. This will place additional pressure on our local authorities, who are already overwhelmed with EHCP applications and will lead to more children with EHCPs moving to the area's state schools, putting additional pressure on already stretched resources.

In addition to these many significant concerns we are especially troubled and disappointed by the intention to introduce the policy in January 2025, particularly given that prior messaging from the Labour party indicated that schools would be given appropriate and sufficient time to plan for and implement the policy. Such early implementation will have the impact of aggravating the many concerns above in the following ways:

- 1) It will be practically extremely challenging, if not unrealistic, given that:
  - a) Three to six months is the usual period required to submit and complete VAT registration with HMRC;
  - b) Significant additional administrative work will be required to update IT systems and this will require contractual outsourcing;
  - c) Significant additional financial work will be required to manage and define sales accordingly as standard rated, zero rated, or exempt. This will be unachievable with the financial resourcing we currently have and will involve at least the retraining of current staff if not the recruitment of new staff.
  - d) We will need more time and clear guidance to understand precisely the details of the policy, where it applies, and how this can be accurately applied to the range and complexity of our schools' services. With this only being confirmed in October, we have less than two months of working time to respond.
- 2) Whilst it is highly disruptive for a child to move schools from one academic year to another, it is even more disruptive to move a child part way through a year and this is likely to happen with the January implementation and associated increase in fees at that point. Such moves will not only impact on the child's academic and personal development, as well as most likely causing them great upset, it will also put additional pressure on state schools with already stretched resources.
- 3) As well as the personal disruption to the child, any move at Senior School level will also be fraught with difficulty regarding changing examination boards, subject option blocks, and learned content. This will also significantly impact on the administrative resources of both schools and limit the child's ability to reach their academic potential.

In the longer-term and more broadly, we would also respectfully remind that the cited, projected revenue from VAT on our parents' fees takes no account of the current £4.4 billion saving for the Government; resulting from the fact that independent school parents are already paying fully for a place for their child in the state system which they are not using. It would be interesting to understand how this is already being accounted for and used to benefit the state education budget and provision, before committing to the apparent need to raise even more money.

We hope that this letter has usefully summarised our many significant concerns with the intended policy and especially the proposed implementation from January 2025. We believe the combination of these will have extremely negative impacts, in both the short and long-term, on Chester's future education and economy, as well as causing a great deal of stress, anxiety and upset for hard-working families and children. As a consequence, we believe it will also be damaging for the Labour Party in the longer term, both financially and reputationally.

We, therefore, urge you to reconsider the policy and the timescale of its implementation, to avoid such hugely negative impacts on Chester's families and young people. We appeal to you to find much more effective ways of working with the independent sector, so that we can play an integral and effective role in addressing the city's and country's educational issues and strive collaboratively for a better Britain.

Yours sincerely

Jointly signed by:

George Hartley (The King's School, 4-18)



Joanne Keville (The Queen's School, 4-18)



Craig Jenkinson (Abbey Gate College, 4-18)



David Girvan (The Firs School, 0-11)

